

Report: Worst of national housing slowdown is over

ORLANDO, Fla. – June 1, 2007 – The worst of the housing slowdown is over, but the nation's economy still faces challenges including rising unemployment and uncertainty over gas prices, University of Central Florida economics professor Sean Snaith said today.

Snaith, director of UCF's Institute of Economic Competitiveness, said in his second quarter U.S. forecast that housing starts will decline in the third quarter and then begin a "slow upward climb through 2009."

Mortgage rates will "creep to 6.9 percent in 2009" and excess supply of homes in many markets will continue to put downward pressure on prices through 2007 and into early 2008.

The nation's unemployment rate will end a three-year decline, the forecast predicts, and begin to rise slightly this year but will remain below 5 percent before falling back to 4.7 percent in 2009. U.S. payroll job growth also will slow to 1 percent in 2008 before recovering to 1.5 percent in 2009.

Inflation also should remain relatively tame, and even dip in 2008 and 2009, though energy prices "threaten to reignite inflation."

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